



Office of Thrift Supervision  
Department of the Treasury

Jonathan L. Fiechter  
Deputy Director

1700 G Street, N.W., Washington, D.C. 20552 • (202) 906-6590

Washington Operations

March 26, 1992

**MEMORANDUM:**

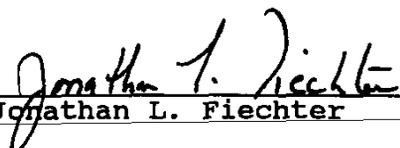
**TO THE CHIEF EXECUTIVE OFFICER OF THE INSTITUTION AS ADDRESSED**

Last month, the Financial Accounting Standards Board ("FASB") issued a new standard on accounting for income taxes -- Statement of Financial Accounting Standards No. 109 ("SFAS No. 109"). This standard does not require adoption until fiscal year 1993. However, the FASB has encouraged early adoption and some thrifts may be planning to adopt SFAS No. 109 early.

Under this new standard, net deferred tax assets can include expected recoveries of taxes that organizations estimate they will obtain by carrying forward losses against future taxable income. By and large, such possible recoveries were not recognizable as net deferred tax assets in the past. Thus, the manner in which this standard is implemented for supervisory and regulatory purposes could have a major impact on the capital position of some thrifts. In recognition of this potential impact, discussions are under way among the federal supervisory agencies to formulate a uniform position on the regulatory reporting treatment of net deferred tax assets.

Until the appropriate regulatory reporting treatment is finally determined, thrifts should continue, for regulatory reporting purposes, to report net deferred tax assets on the same basis as they have in the past. The Federal Reserve and the Office of Thrift Supervision in the past have permitted organizations to report net deferred tax assets in accordance with Accounting Principles Board Opinion No. 11 and Statement of Financial Accounting Standards No. 96.

Until further notice, thrifts should not adopt SFAS No. 109 to report net deferred tax assets for regulatory reporting purposes. Other provisions in SFAS No. 109 may be adopted for regulatory reporting purposes. You will be notified of the appropriate regulatory reporting treatment for net deferred tax assets once these interagency discussions have been completed.

  
Jonathan L. Fiechter